7/27/87 C0175-1

American Banker

The Daily Financial Services

VOL. CLII NO. 144 Friday, July 24, 1987

155389000015 8/15/05 C11
STATISTICAL REFERENCE INDEX
JOHN P KENNEDY
4520 EAST - WEST HIGHWAY
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nd Year

TODAY

THRIFTS & MORTGAGES

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The question is, "Can this bank that has been saved be turned into one that makes money?"

Joseph Arsenio, an analyst with Birr Wilson & Co., San Francisco, about BankAmerica Corp. [Page 1]

Unquote

BankAmerica Slips to 3rd Largest in US

Rate Rise Blamed In FCA's Big Loss

By NINA EASTON
West Coast Bureau

LOS ANGELES — Rising interest rates in the second quarter took their toll on the troubled Financial Corporation of America, owner of the nation's largest savings and loan association.

On Thursday, the Irvine, Calif.-based company reported a loss of $176.8 million, or $5.01 a share, for the second quarter of this year. The company had announced earlier that it expected to post a loss in the $150 million to $200 million range. The second-quarter loss brings to $167.6 million the company's total loss for the first half of the year.

Rate Rise: Page 19 ➳

Texas American, MCorp Slip Again

By DAVID LaGESSE
Southwest Bureau

DALLAS — Two Texas banking firms that want to remain independent were weakened by continued operating losses in the second quarter.

MCorp, based here, reported a surprisingly large loss of $114.9 million, or $2.79 per share — compared with a year-ago profit of $21.7 million, or 44 cents per share. For the six months, MCorp lost $125 million, or $3.12 per share.

In Fort Worth, Texas American Bancshares Inc. reported a $6.5 million loss, or 59 cents per share, in the second quarter. In the period last year, the

Texas American: Page 18 ➳

MasterNet Loss Adds to Deficit

By MICHAEL A. ROBINSON
West Coast Bureau

SAN FRANCISCO — Once the largest bank in the world, BankAmerica Corp. reported on Thursday that — because of a prolonged fight for survival — it slipped from second place to become the third largest bank in the U.S.

Second-Quarter Earnings

BankAmerica posted a second-quarter deficit of $1.136 billion, or $7.40 a share. These figures are in line with the loss it had earlier predicted, after deciding to boost its loan-loss provision by $1.1 billion to cover shaky in-

BankAmerica: Page 19 ➳

Two Sides Remain Polarized As Fed Nears Reg E Decision

By JEFFREY KUTLER

NEW YORK — The longer the Federal Reserve Board delays ruling on a controversial consumer protection regulation, the more restive opponents of the measure become.

The proposal, an amendment to the Fed's electronic funds transfer rule known as Regulation E, would make it easier for nonfinancial companies such as retail stores to provide automated teller machines and point-of-sale payment services to consumers.

More than seven months have passed since the Federal Reserve's staff began the deliberations that will lead to eventual acceptance, rejection, or modification by the Board of Governors. No date has yet been set for final consideration.

The Fed is caught in the middle of a dispute that has divided bankers along retail and wholesale lines. The central bank will not please everyone no matter how it comes down on the Reg E proposal.

If adopted, the change would allow nonbanks such as supermarkets to operate automated payment devices without having to deliver monthly statements to users. Banks, meanwhile, would continue to be bound by Reg E's statement-rendering requirement.

Consumer bankers oppose the change because they want to forestall competition against the likes of Sears, Roebuck and Co. and American Express Co. The Consumer Bankers Asso-

Reg E: Page 5 ➳

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Fed May Relax Rule on Bank Firms And Ailing S&Ls

By BARBARA A. REHM
Washington Bureau

WASHINGTON — The Federal Reserve Board in its open meeting today is scheduled to consider a relaxation of the so-called "tandem restrictions," which limit a holding company and its affiliates from interacting with failing thrifts that have been acquired.

Lowering the regulatory barriers could revitalize a buyer's market for failing thrifts, especially since banking firms remain stymied to expand by current restrictions on nonbank banks, according to industry observers. Any renewed interest in purchasing thrifts also would aid a troubled thrift industry in need of new capital and the insolvent Federal Savings and Loan Insurance Corp.

As the Fed's Regulation Y stands now, a bank holding company is restricted from joint marketing and cross-advertising of services or products with any acquired thrift.

"No question that they'll relax some of the rules, but how far they'll go is uncertain," one attorney familiar with the case said, adding that there is "a lot of housecleaning going on at the Fed" before Chairman Paul A. Volcker leaves some time next month.

Also at its meeting today, the Fed is scheduled to consider changes to its risk-control program for large dollar payment systems.

On May 19, 1986, the Fed proposed dropping tandem restrictions between certain affiliates of bank holding companies. If they are dropped, then a bank holding company's subsidiaries and an affiliate thrift will be allowed to promote each other's products and services. Displaying advertisements in lobbies also will be permitted. Thrifts acquired by bank holding companies also could refer business to holding company affiliates, and affiliates could send customers to the thrifts.

Not all limitations that accompany thrift acquisitions are expected to be

Fed May Relax: Page 15 ➳

THRIFTS & MORTGAGES

AN AMERICAN BANKER WEEKLY FEATURE

Lenders don't like uncertainty, and whenever there are doubts, a lender becomes much more conservative.

— Thomas F. Greuling, executive vice president, Talman Home Federal, Chicago.

Citicorp Homeowners Inc. Leads in Mortgage Loan Originations

Top 166 Firms Originated $134.3 Billion in Residential Mortgages, 72% of Mortgage Company Loans in 1986

By L. MICHAEL CACACE

NEW YORK — Citicorp Homeowners Inc., St. Louis, was the top mortgage company in originating residential mortgage loans in 1986, according to an *American Banker* survey.

Citicorp Homeowners, a subsidiary of New York's Citicorp, originated approximately $6 billion in residential mortgages last year. This accounted for 3.2% of the $186.3 billion in mortgage loans originated by all mortgage companies, based on aggregate figures from the U.S. Department of Housing and Urban Development.

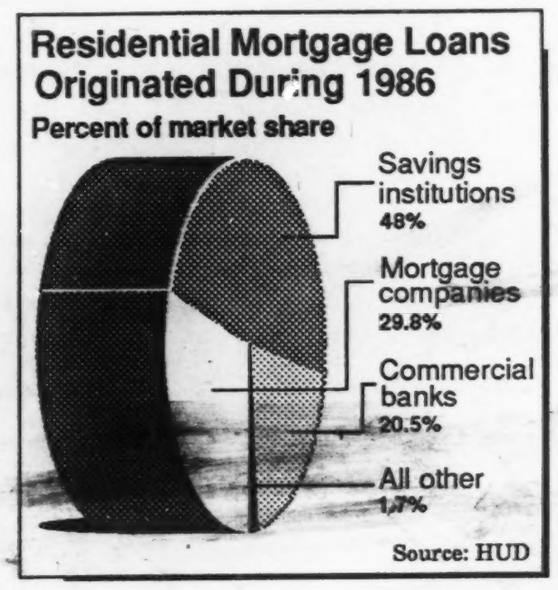
Table of Top Mortgage Loan Originators
Page 12

Mortgage companies originate first mortgages with their own or borrowed funds and then sell these loans to investors. In addition, for a fee, they will continue to service the mortgages they sell to investors. Commercial banks, thrifts, life insurance companies, and other institutions also originate residential loans, but are not classified as mortgage companies.

All the individual company data for the survey — except those for Citicorp Homeowners — were obtained by *American Banker* from the institutions directly. *American Banker* estimated the Citicorp Homeowners originations total with the help of several mortgage bankers and mortgage-banking analysts.

Residential mortgage loan originations — as defined by *American Banker* — are residential permanent mortgages originated for sale. Loans that were closed by the mortgage company, or loans where the mortgage company actually did most of the paperwork for closing, are included. In addition, both in-house production and purchased production — for example, loans purchased from brokers and correspondents — are included.

From 1985 to 1986, there was a tremendous surge in residential mortgage loan originations by mortgage companies, as well as by thrifts and banks. According to the Department of Housing and Urban Development, in-house mortgage loan originations on one-to-four-family residential properties rose 79% in 1986 to $442.3 billion, and loan purchases rose 94% to $427.1 billion. The housing department reports originations and loan purchase separately.



According to the report, mortgage companies originated $131.6 billion in residential mortgage loans in 1986, up 107% from 1985, and purchased $54.7 billion in residential mortgage loans, up 175% from 1985. The total of this activity was $186.3 million.

Mortgage companies accounted for 29.8% of the $442.3 billion in residential mortgages originated by all the market's participants in 1986, up from 25.6% in 1985, the federal figures show. Commercial banks — which originated $90.7 billion in residential mortgages in 1986 — accounted for 20.5% of the market, down from a 20.9% share in 1985. Savings institutions — which originated $212.3 billion — had 48% of the market in 1986, down from 51% in 1985. All other institutions — which include life insurance companies — originated $7.7 billion, or 1.7% of the 1986 total, compared with 2.5% a year earlier.

While last year was a period of dynamic growth, analysts say that growth came to a screeching halt in the first third of this year, with the upsurge in mortgage rates.

According to Lawrence J. Trautman, a senior vice president and director of

Citicorp Homeowners: Page 8 ➡

Second-Home Financing Market Varies from Region to Region

By LINDA ELLIS

NEW YORK — From the mountains to the prairies to the oceans white with foam, the second-home market is a mixed bag.

Some ski-slope resorts are going south financially. Waterfront is generally attractive, but at various sites in the Southeast demand is at low tide. Nationwide, there is concern about Congress fiddling with the deductibility of mortgage interest.

Financing a cabin in the woods or an A-frame near the beach is a healthy seasonal segment of the lending picture at some thrifts, a sore spot in the portfolio for others.

Take Colorado, for example, where an Aspen thrift chooses to put 90% of its loan portfolio out in vacation-home financing for ski lodges. A mere 25 miles away, however, in Crested Butte, overbuilding has knocked the forces of supply and demand for a loop and lenders are getting bruised.

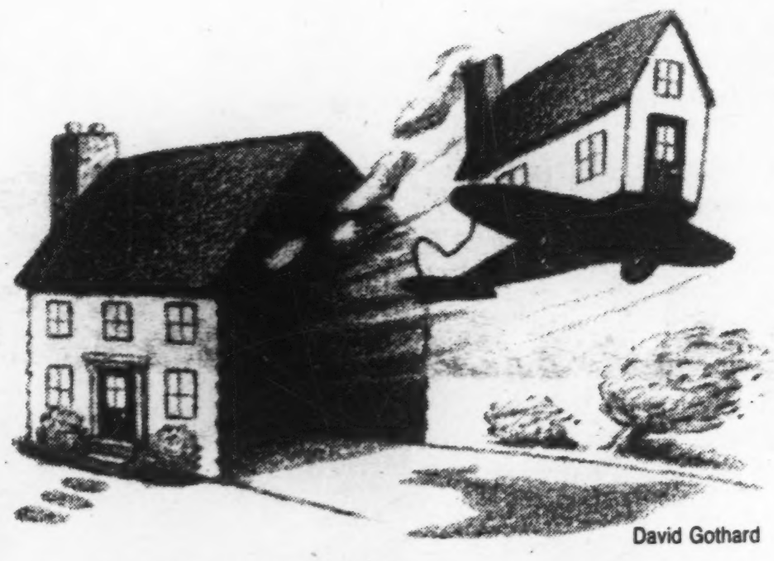
Soaring property values at the New Jersey shore make that a hot spot for lenders, but on Cape Cod in Massachusetts, it's the same ocean but the values have flattened.

Concern over the tax status of interest on second homes has slowed the supply of funds from lenders for vacation homes in the Chicago area, a leading thrift executive said, and the market in South Carolina is spotty.

Full deductibility of second-home mortgage interest was retained in the Tax Act of 1986, but there are now five proposals before the House Ways and Means Committee that could affect residential loan interest deductions:

- Limit deductions to purchase-price amount plus improvements.
- Limit deduction for home-equity loans to $10,000 over deduction allowed for medical and educational uses.
- Disallow deductions on open-ended home-equity loans.
- Cap amount of total debt eligible for first- and second-home interest deduction at $1 million; and
- Not allow boats and mobile homes to qualify as second homes for interest-deduction purposes.

Last Monday the House committee began drawing up a revenue-raising bill which, the housing industry fears, could include one or more of those proposals, said Thomas C. Franks of the American Resort and Residential Development Association in Washington.



David Gothard

"Lenders don't like uncertainty and whenever there are doubts, a lender becomes much more conservative," said Thomas F. Greuling, executive vice president, Talman Home Federal Savings & Loan Association, Chicago. "No one knows what the long-term effect of tax changes [on home financing] will be. There are some misty areas and now the potential for more changes that would impact the interest deduction for home mortgages, both first and second homes."

Borrowers Weigh Tax Implications

Mr. Greuling said borrowers, too, weigh the tax implications of buying a second home and uncertainty puts a damper on their plans as well.

"We can see that the value of condo units in the Sunbelt and in ski-resort areas has suffered in that people aren't as eager to get involved in that kind of financing right now."

Malcolm E. Collier Jr., president and chief executive of First Federal Savings Bank in Lakewood, Colo., a Denver suburb, said the ski-area housing market needs a lift.

"That market has not been good for the last three or four years," Mr. Collier said. "The slow economy here and the fact that the people buying those condos are from the oil states and the Midwest affect the market a lot. Plus there's been a lot of overbuilding, and prices are down. But the story in Aspen is different from the story in Steamboat Spring or Crested Butte."

It sure is different at Aspen Savings & Loan Association, where all but 10% of the portfolio is out in second-home financing and where $200,000 for a one-bedroom condo is the norm.

"The market here in Aspen is very strong, even though inflation in real estate prices has slowed," said Elizabeth Newman, a vice president. "Overbuilding is not a problem as it is in some other ski areas. Aspen has very strict growth control, so it can't happen."

"Our market grew soft in the mid-1980s like everyone else's, but because of controls on spec building here, there wasn't a lot of new product when the slowdown came," said Randy Gold, a real estate appraiser with James J. Mollica Co. in Aspen. "We're in great shape."

His sentiments exactly, said Shannon Faries, vice president, residential lending, Universal Savings & Loan Association, Kingman, Ariz.

"It's running between 108 degrees and 110 degrees and steamy in Phoenix now. People like to get away. They have cabins in the White Mountains, in northern Arizona, and Lake Havasu" said Mr. Faries. "The second-home market is a big deal here."

Mr. Faries said Universal makes loans for a range of getaway sites.

"There are a lot of cabins about 1,500 square feet that would range betweeen $65,000 and $75,000 including the lot. But there's a big subdivision we're lending on now where the house and lot will be about $300,000. For most of our borrowers, tax deductibility is not the deciding issue. It's the climate that motivates our customers. The busier and more bustling Phoenix gets, the stronger the second-home market becomes."

Financing for Homes on Jersey Coast

At Jersey Shore Savings & Loan Association, Toms River, N.J., 40% of home financing is for second homes along the central and southern Jersey coast. No downturn in the market there, said Peter Secovanovic, vice president and treasurer.

"The Northeast is atypical of the [housing] market in general, I think, with our real estate values staying well above the national average. We don't see any slackening in performance, in demand. We could use more supply, that's for sure," Mr. Secovanovic said.

Market: Page 8 ➡

THRIFTS & MORTGAGES

Citicorp Unit Leads in Mortgage Originations

Continued from Page 6

mortgage industry practice at Donaldson, Lufkin & Jenrette Inc., New York, "Both the residential real estate lending industry as well as Wall Street are focusing on loan origination capabilities as never before. Compounding the situation is the March/April uptick in rates which all but closed down originations for certain types of mortgages.

"In 1986, many of the loan originators and Wall Street houses invested heavily in the machinery necessary to handle and securitize record-breaking mortgage origination levels. These heightened levels of fixed costs are still in place causing the lending and investment banking communities to scour the land in search of quality product." Mr. Trautman adds, "This is occurring while each sector is faced with the serious problem of adjusting overhead to reflect currently reduced levels of origination."

The *American Banker* survey shows that ICA Mortgage Corp., San Diego, ranked second, behind Citicorp Homeowners, in residential loan originations last year with $4.3 billion. ICA Mortgage is a subsidiary of Imperial Savings Association, San Diego, and a portion of the loans originated by ICA Mortgage were closed in conjunction with

Citicorp Homeowners: Page 19

How the Survey Was Conducted

This is the *American Banker's* first attempt to obtain loan origination numbers.

Much of the information is not in the public domain and difficult to obtain. For example, some companies, such as Citicorp, do not provide data on originations for their mortgage banking subsidiaries. Rather, they report a consolidated figure for all subsidiaries — banks, thrifts, and mortgage companies. In addition, companies have various definitions of originations, making comparisons difficult.

To overcome these problems, the *American Banker* has limited its study to residential loans originated by mortgage companies. Commercial banks and savings institutions have been excluded. Multifamily originations and commercial loan originations also have been excluded.

In general, the origination of a residential loan puts the mortgage company's money at risk, while loans on other properties usually does not. A mortgage company uses its money to make a residential loan and holds it until it is sold in a pool of loans to investors. In most commercial deals, however, the mortgage company acts as a broker, arranging the financing needs of the developer for a fee.

Underwriting requirements on residential properties also differ from those of multifamily and commercial properties. Underwriting determines the creditworthiness of the borrower.

With residential properties, the mortgage company examines the creditworthiness of the applicant. For other properties, the company simply tries to determine how much revenue the property will generate.

In defining originations, the *American Banker* includes both in-house production and purchased production. The resulting figure gives a clearer picture of a firm's ability to feed the mortgage-servicing engine. Some firms have extensive branch networks; their in-house production would be substantial and their purchased loans relatively small in comparison. On the other hand, some firms may have a limited branch network but a substantial correspondent network. In this case, purchased loans would be sizable compared with in-house production.

Market Is Mixed For Second Homes

Continued from Page 6

"Everywhere you look in our area, you see construction, but it's snapped up fast. On Long Beach Island, for example, the prices climb about 20% a season, but demand stays high. Waterfront is finite."

"The condo second-home market seems to be skewed toward oversupply at this time, but that's temporary" said Frank Cunningham, a vice president, Palmetto Federal Savings Bank of South Carolina in Aiken.

Palmetto's man at the coast, Mark Brittman, is watching a market on Hilton Head, Fripp and other resort islands that shows flat or, in some cases, declining property values. Mr. Brittman, vice president and mortgage production center manager in Beaufort for Palmetto Federal, said there are too many condos on resort islands at the moment.

"We've seen somewhat of a decline in the value of condos, although not in single-family homes," Mr. Brittman said. "A lot of clients are attempting to refinance and we've been surprised by the appraisals coming in, some lower compared to purchase prices four or five years ago. We've had to make principal reductions on mortgages so the owner could handle the refinance. But from a buyer's perspective it's a great market.

"As a lender, sure, I have some concerns. Some people see a second-home investment as they do a stock and they seem ready to unload it if there's a downturn in the price. Some borrowers up north tell us they're going to default and they have done just that. On purchases for investment we require private mortgage insurance. On refinancing, we've almost gotten to the point where we don't permit cashing out [taking cash out of the property to refinance it]. It's those kinds of investment properties, condos, where demand is so soft."

The market in second homes and real estate in general is quiet on Cape Cod as well, said Elliott Carr, president and chief executive officer, Cape Cod Five Cents Savings Bank, Orleans, Mass.

"We had a number of real boom years here, all over New England really, and prices just got out in front of themselves a bit. We consider the second-home market to include a planned

Market: Page 16

Mutual to Stock Conversions in June

(Dollar amounts in millions)

Offering Date	Issuing Institution	Issue Amount	Terms	Major Underwriters
June 2	**Maryland Federal Savings and Loan Assn., Hyattsville, MD**	$20.4	2,400,000 common shares at $8.50 each	Alex. Brown & Sons
June 5	**Security Savings and Loan Assn., Vineland, NJ**	$29.2	4,250,000 common shares at $6.875 each	Shearson Lehman Brothers Inc.
June 9	**First Federal of Western Pennsylvania, Philadelphia, PA**	$10.9	1,150,000 common shares at $9.50 each	Janney Montgomery Scott Inc., Parker/Hunter Inc.
June 17	**Brandywine Savings and Loan Assn., Downingtown, PA**	$9.4	1,100,000 common shares at $8.50 each	Butcher & Singer Inc.
June 17	**Greater New York Savings Bank, New York, NY**	$104.5	11,000,000 common shares at $9.50 each	First Boston Corp., Merrill Lynch Capital Markets, Prudential-Bache Capital Funding, Dean Witter Reynolds Inc.
June 23	**First Federal Savings & Loan Assn. of East Hartford, CT**	$23.7	2,365,000 common shares at $10 each	Kidder, Peabody & Co. Inc.
June 26	**Peoples Federal Savings and Loan Assn. of Dekalb County, Auburn, IN**	$11.0	1,100,000 common shares at $10 each	Trident Securities Inc., City Securities Corp.
June 27	**Security Federal Savings & Loan Assn., St. Cloud, MN**	$7.7	766,251 million shares at $10 each	Trident Securities Inc., Dain Bosworth Inc.
June 30	**Raleigh Federal Savings Bank, Raleigh, NC**	$31.9	3,450,000 common shares at $9.25 each	Carolina Securities Corp., Robinson-Humphrey Co. Inc.

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--**Tables of company-specific geographic and office expansions.**
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65 Thrifts Change Names in First Half

By JEFFREY KUTLER

NEW YORK — Of 272 financial services firms that changed their names in the first half of 1987, 65 were savings institutions, according to Anspach Grossman Portugal Inc., which monitors corporate name changes.

Mergers and acquisitions created 44 of the 65 thrift industry changes. Of these 65, 25 were voluntary and 19 were assisted by the Federal Savings and Loan Insurance Corp.

Another 16 thrifts associated a name change with formation of a holding company, conversion from mutual ownership to stock form, or a change from a savings and loan charter to a savings bank charter.

Because of the thrift industry's rampant restructuring, thrifts have contributed to an equally strong corporate name-changing movement in recent years. Russell Anspach, a principal of the Anspach Grossman Portugal, said last week that the trend has reached "almost epidemic" proportions.

However, thrifts have been changing names at a slower rate than commercial banks. Anspach Grossman Portugal said 120 commercial banks changed their names in the first six months of this year, 58% more than the 76 in the first half of 1986. The banks' growth rate was almost as high as the 59% for all industries tracked by the New York-based identity consulting firm.

Thrift name changes grew only 23% during the same period. As of June 30, the thrift industry was already 72% of the way toward matching the 90 name changes it registered in all of 1986.

Among the thrifts that projected new identities during the first half were: AmFed Financial Corp. in Colorado (formerly American Federal Savings & Loan Association); BankWorcester Corp. in Massachusetts (Worcester County Institution for Savings); GermaniaBank in Alton, Ill. (Germania Savings & Loan Association); and Great Western Bank in California (Great Western Savings). ■

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Top Mortgage Companies in Loan Originations

Companies with more than $100 million in residential mortgage loans originated during 1986

Rank 12/86		Mortgage Loans Originated in 1986
1	Citicorp Homeowners Inc., St. Louis	$6,000,000,000‡
2	ICA Mortgage Corp., San Diego, Calif. (a)	5,300,000,000
3	Goldome Realty Credit Corp., Buffalo, N.Y.	3,792,863,000
4	First Union Mortgage Corp., Charlotte, N.C.	3,596,183,000
5	GMAC Mortgage Co., Philadelphia	3,315,985,000
6	Lomas & Nettleton Financial Corp., Dallas	3,210,875,671
7	Commonwealth Mortgage Corp. of America, Houston	2,914,000,000
8	Fireman's Fund Mortgage Corp., Farmington Hills, Mich.	2,800,738,840
9	BancBoston Mortgage Companies, Inc., Jacksonville, Fla.	2,798,000,000
10	Sears Mortgage Corp., Lincolnshire, Ill.	2,770,205,965
11	Weyerhaeuser Mortgage Co., Los Angeles	2,743,036,935
12	Fleet Mortgage Corp., Milwaukee, Wis.	2,689,457,286
13	Margaretten & Company, Inc., Perth Amboy, N.J.	2,498,000,000
14	Metmor Financial, Inc., Los Angeles	2,422,536,000
15	Imco Realty Services Inc., Santa Rosa, Calif.	2,184,581,000
16	Countrywide Funding Corp., Inc., Pasadena, Calif.	2,014,791,842
17	Travelers Mortgage Services, Inc., Cherry Hill, N.J.	1,954,000,000
18	Alliance Mortgage Co., Jacksonville, Fla.	1,885,375,000
19	Ameristar Financial Corp., San Diego	1,843,801,641
20	Lincoln Service Corp., Owensboro, Ky.	1,767,488,977
21	Knutson Mortgage Corp., Bloomington, Minn.	1,553,630,839
22	Sovran Mortgage Corp., Richmond	1,525,457,000
23	Residential Financial Corp., Wayne, N.J.	1,502,777,000
24	Coldwell Banker Real Estate Fin. Ser., El Segundo, Calif.	1,317,021,720
25	Norstar Mortgage Corp., Hempstead, N.Y.	1,264,000,000
26	Fleet Real Estate Funding Corp., Columbia, S.C.	1,232,989,087
27	York Associates, Inc., Bethesda, Md.	1,209,860,600
28	Glenfed Mortgage Corp., Irvine, Calif.	1,197,000,000
29	Shearson Lehman Mortgage Corp., Irvine, Calif.	1,179,894,179
30	Bright Mortgage Co., Dallas	1,150,000,000
31	United Mortgage Corp., Minneapolis	1,102,105,793
32	Directors Mortgage Loan Corp., Riverside, Calif.	1,095,923,551
33	North American Mortgage Co., Houston	1,068,374,360
34	Empire of America Realty Credit Corp., Buffalo, N.Y.	1,049,000,000
35	CalFed Mortgage Co., Los Angeles	1,048,400,000
36	ICM Mortgage Corp., Englewood, Colo.	1,009,750,000
37	Firstier Mortgage Co., Omaha, Neb.	1,001,502,025
38	Guild Mortgage Co., San Diego, Calif.	1,000,000,000
39	Dominion Bankshares Mortgage Corp., Fairfax, Va.	939,298,613
40	Lyons Mortgage Corp., Rolling Meadows, Ill.	938,584,000
41	Meritor Mortgage Corp.-West, Orange, Calif.	896,165,256
42	Shawmut Mortgage Corp., Dayton, Ohio	854,641,137
43	Cenlar Capital Corp., Pennington, N.J.	843,043,831
44	Ryan Financial Services, Inc., Pittsburgh	838,904,000
45	SunTrust Mortgage, Inc., Atlanta (g)	813,500,000
46	CenTrust Mortgage Corp., Deerfield Beach, Fla.	812,804,556
47	Old Stone Mortgage Corp., Seattle	802,792,000
48	Sunbelt National Mortgage Corp., Dallas	782,000,000
49	WestAmerica Mortgage Co., Denver	781,800,000
50	Meritor Mortgage Corp.-East, Philadelphia	770,977,927
51	Colwell Financial Corp., Los Angeles	766,466,855
52	Merrill Lynch Mortgage Corp., Stamford, Conn.	758,147,000
53	Citizens & Southern Commercial Corp., Tucker, Ga.	751,515,364
54	Foster Mortgage Corp., Fort Worth, Tex.	747,758,595
55	RIHT Mortgage Corp., Charlotte, N.C.	747,000,000
56	Embanque Capital Corp., Carle Place, N.Y.	744,106,470
57	Northeastern Mortgage Co., Inc., Boston, Mass.	741,000,000
58	ARCS Mortgage, Inc., Canoga Park, Calif.	735,162,000
59	First Western Mortgage, Palatine, Ill.	732,000,000
60	NBD Mortgage Co., Troy, Mich.	709,754,517
61	GN Mortgage Co., Canoga Park, Calif.	701,543,000
62	First Washington Mortgage Corp., McLean, Va.	700,000,000
63	Chase Home Mortgage Corp., Montvale, N.J.	699,965,000
64	U.S. Bancorp Mortgage Co., Portland, Ore.	690,000,000
65	Anchor Mortgage Services, Inc., Wayne, N.J.	689,821,000
66	Collateral Mortgage, Ltd., Birmingham, Ala.	685,827,292
67	Maryland National Mortgage Corp., Baltimore	658,725,000
68	First Interstate Mortgage Co., Pasadena, Calif.	653,357,076
69	Midlantic Home Mortgage Corp., Melville, N.Y.	632,527,000
70	Meridian Mortgage Corp., St. Davids, Pa.	614,000,000
71	J.I. Kislak Mortgage Service Corp., Miami	592,000,000
72	Paine Webber Mortgage Finance, Inc., Columbia, Md.	592,000,000
73	Talman Home Mortgage Corp., Chicago	582,200,000
74	Pacific First Mortgage Corp., Walnut Creek, Calif.	578,356,000
75	Lumbermen's Investment Corp., Austin, Tex.	576,443,407
76	Greater Suburban Mortgage Group, Inc., Alameda, Calif.	574,708,843
77	CitFed Mortgage Corp. of America, Dayton, Ohio	572,337,000
78	Continental, Inc., Seattle	561,819,388
79	First Wachovia Mortgage Co., Winston-Salem, N.C.	560,884,539
80	Perpetual Mortgage Company, Inc., McLean, Va.	554,000,000
81	Provident Financial Services, Inc. West Newton, Mass.	550,000,000
82	Seafirst Mortgage Corp., Seattle	544,916,000
83	Meritor Mortgage Corp.-Central, St. Paul, Minn.	534,200,000
84	Equitable Mortgage Resource Inc., Clearwater, Fla.	$530,404,092
85	Troy & Nichols Mortgage Co., Monroe, La.	524,332,600
86	AmSouth Mortgage Co., Inc., Birmingham, Ala.	519,451,089
87	Rainier Mortgage Co., Seattle	519,388,000
88	Connecticut National Mortgage Co., West Hartford	514,000,000
89	Compufund Network Funding Corp., Pleaston, Calif.	510,000,000
90	Barnett Mortgage Co., Jacksonville, Fla.	499,578,227
91	Nowlin Mortgage Co., Fort Worth, Tex.	478,279,000
92	FBS Mortgage Corp., St. Paul, Minn.	474,391,000
93	Draper & Kramer, Inc., Chicago	464,651,182
94	Weaver Bros., Inc., Chevy Chase, Md.	456,261,216
95	American General Mortgage Corp., Houston	452,136,660
96	Hammond Co., Newport Beach, Calif.	438,198,000
97	United Virginia Mortgage Corp., Richmond	429,187,000
98	U.S. Home Mortgage Corp., Clearwater, Fla.	425,727,000
99	First California Mortgage Co., San Rafael, Calif.	423,000,000
100	Sibley Corp., Rochester, N.Y.	415,426,000
101	Rothschild Financial Corp., St. Paul, Minn.	413,609,800
102	Murray Mortgage Co., Dallas	412,000,000
103	Mortgage & Trust, Inc., Houston	399,707,720
104	Independence One Mortgage Corp., Southfield, Mich.	398,341,725
105	CFS Mortgage Corp., Omaha, Neb.	382,083,000
106	Barclays American/Mortgage Corp., Charlotte, N.C.	364,572,000
107	Liberty Mortgage Co., Oklahoma City	359,370,244
108	Criterion Financial Corp., Dallas	354,488,146
109	First Alabama Real Estate Financing, Inc., Montgomery	343,649,890
110	Cowger & Miller Mortgage Co. Inc., Louisville, Ky.	340,558,224
111	Dale Funding Corp., Hempstead, N.Y.	336,918,207
112	Western Mortgage Loan Corp., Ogden, Utah	336,062,917
113	E.B. Mortgage Corp., Towson, Md.	333,305,800
114	Drew Mortgage Co., Houston	326,391,000
115	Mason-McDuffie Financial Corp., Orinda, Calif.	325,004,000
116	Peoples Mortgage Co., Seattle	324,777,990
117	Hinton Mortgage & Investment Co., Dallas	292,158,167
118	Gilldorn Mortgage Midwest Corp., Schaumburg, Ill.	291,000,000
119	Mellon Financial Services Corp. #7, Metairie, La.	290,488,736
120	B.F. Saul Co., Chevy Chase, Md.	290,022,300
121	Globe Mortgage Co., Hackensack, N.J.	284,040,072
122	Colonial Mortgage Co., Montgomery, Ala.	283,696,624
123	American Fletcher Mortgage Co., Inc., Indianapolis	270,400,000
124	Southwest Mortgage Co., Albuquerque, N.M.	268,547,275
125	Southeast Mortgage Co., Miami	265,401,152
126	Premier Mortgage Co., Baton Rouge, La.	261,298,435
127	Investors Residential Mortgage Corp., Austin, Tex.	259,554,383
128	Magnet Mortgages Inc., Charleston, W. Va.	249,697,609
129	Pine State Securities Corp., Tucker, Ga.	247,633,000
130	Walker & Dunlop, Inc., Washington, D.C.	246,621,000
131	Associates National Mortgage Corp., Dallas	243,171,000
132	Arlington Mortgage Co., Inc., Falls Church, Va.	236,564,024
133	Molton, Allen & Williams, Inc., Birmingham, Ala.	235,014,129
134	Fidelity Bond & Mortgage Co., Philadelphia	221,438,835
135	IntraWest Mortgage Co., Denver	218,542,000
136	Gulf Coast Investment Corp., Houston	216,257,000
137	Dickinson, Logan, Todd & Barber, Inc., Raleigh, N.C.	212,250,000
138	Honolulu Mortgage Co., Inc.	209,795,824
139	Mellon Financial Services Corp. #8, Cleveland	206,243,000
140	Universal Mortgage Corp., Milwaukee, Wis.	204,825,000
141	Standard Mortgage Corp. of Georgia, Atlanta	204,305,835
142	H.S. Pickrell Co., Phoenix, Ariz.	200,481,500
143	Metropolitan Service Mortgage Corp., Fargo, N.D.	186,407,232
144	First Investment Co., Columbus, Ohio	185,614,850
145	Detroit Mortgage & Realty Co., Detroit	185,411,000
146	Chemical Mortgage Corp., Columbus, Ohio	169,000,000
147	Leader Mortgage Co., Cleveland	168,000,000
148	Freedom Mortgage Company, Tampa, Fla.	164,241,380
149	Missouri Valley Investment Co., Prairie Village, Kan.	163,617,388
150	Washington Mortgage Corp., Seattle	160,003,000
151	Security Financial & Mortgage Corp., St. Louis, Mo.	159,427,118
152	Gershman Investment Corp., St. Louis, Mo.	155,106,108
153	Commodore Financial Services Corp., Dallas	150,000,000
154	W. Ross Campbell Co., Los Angeles	148,748,440
155	Bancwest Mortgage Corp., Phoenix, Ariz.	143,942,225
156	Deposit Guaranty Mortgage Co, Jackson, Miss.	140,000,000
157	BancOhio Mortgage Co., Columbus	131,870,000
158	Charter American Mortgage Co., Mission Hills, Kan.	131,315,000
159	Mortgage First Corp., Atlanta	130,000,000
160	Ryan Mortgage Co., Arlington, Tex.	130,000,000
161	Valley National Mortgage Co., Phoenix, Ariz.	127,405,000
162	R&G Mortgage Corp., Hato Rey, P.R.	123,547,000
163	Banc One Mortgage Corp., Columbus, Ohio	118,055,558
164	Reilly Mortgage Group, Inc., Washington, D.C.	114,037,800
165	Numerica Financial Services, Inc., Clearwater, Fla.	110,029,350
166	Sunbank Mortgage Co., Orlando, Fla.	106,354,223

Data taken from American Banker's survey of the top 200 mortgage companies in servicing and loan origination. American Banker defines mortgage loan originations to include permanent residential mortgages (1-to-4 family mortgages) originated for sale, or the intention to sell, over the period Jan. 1, 1986 to Dec. 31, 1986. Included are loans closed by the mortgage company and loans where the mortgage company actually did most of the paperwork for closing. Both in-house production and purchased production— such as loans purchased from brokers and correspondents— are included. (‡)— Estimated by American Banker from several sources. Data were not avialable from Citicorp Homeowners Inc., or its parent, Citicorp, New York. (a) — A subsidiary of Imperial Savings Assn., San Diego. ICA Mortgage closed a portion of these loans in conjunction with Imperial Savings.

BankAmerica Slips to Third Largest Bank in US

Continued from Page 1

ternational loans. The loss for the first six months of 1987 totaled $1.07 billion, or $7.08 a share.

In addition, the corporation disclosed that it had established a special reserve of $23 million to cover the costs associated with conversion in March to a new computerized trust accounting and reporting system called MasterNet.

Problems with MasterNet, including late account statements, frequent computer crashes, and a backlog of securities trades, were detailed last week in an *American Banker* report. The report showed that MasterNet, which took five years and $20 million to complete, went on line despite warnings that it was not ready for service.

Frank N. Newman, vice chairman and chief financial officer, said in an interview that the $23 million MasterNet reserve would be used to cover the costs associated with hiring outside consultants, expected loss of fees, and compensation claims for any late delivery of securities.

Struggling to rebound from enormous losses, the San Francisco-based bank holding company said it continued to cut assets in the second quarter as part of a recovery plan aimed at restoring profits through a more streamlined approach to banking.

The company said it is placing greater emphasis on generating income based on fees — rather than relying on interest — at its main subsidiary, Bank of America, and at Seattle-based Seafirst Corp. Additional assets sales are likely, the company said.

Total assets at BankAmerica were $97 billion at June 30, down 17% from $117 billion a year earlier. Current standings place BankAmerica third behind Chase Manhattan Corp., with assets of $98.9 billion, and seemingly out of reach of first-place Citicorp, with total assets of $194.4 billion.

"The name of the game really is profits, not size," observed Mr. Newman. "We think we are headed in the right direction. We will undoubtedly be doing some more divestitures, but we don't have any major ones planned. We operate in a strong and growing economy and expect the company to be growing."

A.W. "Tom" Clausen, chairman and chief executive officer, noted improvement in the quality of BankAmerica's loan portfolio, adding that credit losses declined for the third consecutive quarter and that nonaccrual loans also had dropped in the second quarter from the period ending March 31.

"Our results, like those of other major U.S. banking institutions, reflect the impact of significant increases in the allowance for credit losses related to developing-country debt," said Mr. Clausen in a prepared statement. "Raising our allowance for credit losses this quarter should not affect BankAmerica's fundamental recovery."

Without the additional provision BankAmerica would have nearly broken even on operations, analysts said. Joseph Arsenio, an analyst with Birr Wilson & Co., San Francisco, said BankAmerica would have lost $3 million on operations in the period.

"BofA is more of a buy than a sell today," Mr. Arsenio said. "The bank has probably been saved. The question is, 'Can this bank that has been saved be turned into one that makes money?' That is not entirely clear."

Net credit losses were $237 million for the second quarter of 1987, down 38.9% from $388 million for the similar period a year ago. For the first six months, net credit losses were $552 million, down 14% from $645 million for the first half of 1986.

Total nonperforming assets, including other real estate owned, jumped sharply from a year ago. At June 30, 1987, total nonperformers registered $5.943 billion, up 19.4% from $4.988 billion at June 30, 1986.

Although BankAmerica has said it expects to lose an unspecified sum for the full year, the company stands behind earlier assertions that it will begin making money on operations in the second half.

This will be the third year in a row for losses at BankAmerica. It lost a combined $855 million in 1985 and 1986. But its six-month deficit this year is in line with mammoth losses at other money center banks, which also increased reserves to cover loans to Third World debtor nations.

BankAmerica entered the 1980s with a growth drive following 18 consecutive years of full-year earnings gains.

In 1980, it lost its status as the nation's largest bank, based on assets, to Citicorp. It took back the lead in 1982 with total assets of $122.4 billion.

As it turned out, 1982 was the peak year for BankAmerica's glory. Citicorp surpassed it in 1983 in total assets and has stretched its lead since then. Both Citicorp and BankAmerica were displaced in world rankings by giant Japanese institutions in the mid-1980s.

Meanwhile, BankAmerica's Seafirst subsidiary, which operates the State of Washington's largest bank, said a $60 million provision for nonperforming

Top 10 U.S. Banking Companies

Assets on June 30, 1987 (in billions of dollars)

Rank 6/87	Rank 12/86		Assets 6/30/87	Assets 12/31/86
1	1	Citicorp, New York	$194.4	$196.1
2	3	Chase Manhattan Corp., New York	98.9	94.8
3	2	BankAmerica Corp., San Francisco	97.0	104.2
4	7	Chemical New York Corp.[1]	78.4	60.6
5	4	J. P. Morgan & Co., Inc., New York	74.7	76.0
6	5	Manufacturers Hanover Corp., New York	73.8	74.4
7	6	Security Pacific Corp., Los Angeles	64.7	62.6
8	8	Bankers Trust New York Corp.	54.7	56.4
9	9	First Interstate Bancorp., Los Angeles	51.8	55.4
10	10	Wells Fargo & Co., San Francisco	44.7	44.6
		Totals for the Top 10	**$833.1**	**$825.1**

Assets for December 31, 1986, are as originally reported. [1]Chemical New York Corp. acquired Texas Commerce Bancshares, Inc., Houston on 5/1/87.

Second-Quarter Earnings

BankAmerica Corp.

Quarterly Comparison

Figures in Millions Except Per Share

	2Q '87	2Q '86
Net Income	($1,136)	$(640 0)
Per Share	(7 40)	4 25
Net Interest Income (Taxable Equivalent)	811 0	982 0
Margin	3 72%	3 81%
ROA	N A	N.A.
ROE	N.A.	N.A.
Noninterest Income	509 0	533 0
Noninterest Expense	1,091 0	1,113 0
Loss Provision	1,337 0	988 0
Net Chargeoffs	237 0	388 0

Year Comparison

Year-to-Date

	6 mos. '87	6 mos. '86
Net Income	($1,070)	($570.0)
Per Share	(7 08)	(3 94)
Net Interest Income (Taxable Equivalent)	1,582 0	1,965 0
Margin	3 56%	3 85%
ROA	N A.	N A.
ROE	N A.	N A.

Balance Sheet

Figures in Millions

	6/30/87	6/30/86
Assets	$96,923 0	$117,314 0
Deposits	78,805 0	93,344 0
Loans	66,413 0	82,157 0
Shareholder Equity	2,968 0	3,986 0
Reserve	3,262 0	2,191 0
Reserve/Loans Ratio	4 91%	2 67%
Nonperforming Assets	5,943 0	4,988 0
as % of Loans	8 94%	6 07%
Primary Capital Ratio	7 51%	6 14%

Texas American . .

Continued from Page 18

Real estate credits hit Texas American hard in the second quarter, with the company classifying several large loans as nonperforming. This helped boost nonperforming loans to $391 million at June 30, compared with $325 million at March 31.

Nonperforming assets at Texas American now equal 9.12% of total loans, which totaled $4.2 billion at midyear 1987.

During the second quarter, the company set aside $13.9 million for loan losses, compared with $15.4 million a year earlier. Net chargeoffs for the quarter were $15.1 million, compared with $22.3 million a year earlier.

Primary capital at Texas American was 6.57% of assets on June 30, compared with 6.93% a year earlier. ■

Old Stone . . .

Continued from Page 13

of the deposits of Life Savings of America FSB in northern Illinois also contributed to the second-quarter loss, Mr. Cooper said. In addition, the Minnesota thrift booked trading account losses of $733,000 in the quarter.

John T. Morgan, chairman and chief executive officer at American Savings, cited a higher level of net interest income as a key reason for the 40% earnings rise, at $13.1 million for the quarter, up from $9.35 million for the comparable 1986 period. Earnings per share were $1.51, up from $1.09. ■

Citicorp . . .

Continued from Page 8

Imperial Savings. Imperial Savings is the 18th-largest thrift institution in the nation with deposits of $5.5 billion on Dec. 31, 1986.

Goldome Realty Credit Corp., Buffalo, N.Y.— a subsidiary of the $11 billion-deposit Goldome FSB, the nation's eighth-largest thrift — ranked third with $3.8 billion.

First Union Mortgage Corp., Charlotte, N.C., formerly known as Cameron-Brown, was fourth with $3.6 billion. The company is a subsidiary of First Union Corp., Charlotte.

GMAC Mortgage Co., Philadelphia, the nation's top mortgage company in mortgage servicing with a servicing portfolio of $22.9 billion at yearend 1986, ranked fifth in originations with $3.3 billion.

The housing department data show that all mortgage companies had in-house originations of $131.6 billion and purchased loans of $54.7 billion for an origination total of $186.3 billion last year.

American Banker surveyed over 200 mortgage companies and found that 166 had $100 million or more in residential mortgage loan originations last year. These 166 firms originated $134.3 billion in residential mortgages.

Thus, *American Banker* finds that the top 166 firms in the field accounted for 72.1% of total residential mortgage loans originated and purchased by mortgage companies last year. ■

Rate Rise Blamed In FCA's Big Loss

Continued from Page 1

Much of that second-quarter loss came when the company's gains on sales of loans and mortgage-backed securities plummeted from $109 million in the first quarter to $18.3 million in the second quarter because of rising interest rates. Gains on these types of sales have constituted the bulk of Financial Corp.'s earnings during the past two years.

Financial Corp., with $33 billion in assets, owns American Savings and Loan Association, which operates 178 branches in California.

While Financial Corp.'s total profit outlook worsened, its operating loss narrowed to $9.7 million in the second quarter, against $17.3 million in the first three-month period. In addition, scheduled items — including nonperforming and delinquent loans — dropped to $1.38 billion, or 4.07% of assets, from $1.68 billion, or 4.96% of assets, at March 31.

"The improvement in scheduled items and the brisk foreclosed real estate sales are a bright spot in our achievements this quarter in spite of the loss," said William J. Popejoy, Financial Corp.'s chairman and chief executive officer.

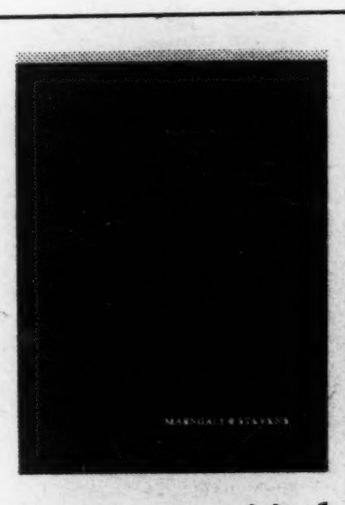
The company continued to build its already hefty loan-loss reserve in the second quarter, adding $165.5 million and bringing reserves to a total of $973.6 million at June 30.

The thrift holding company's loss included a $22.7 million writeoff of its investment in the bankrupt secondary reserve fund of the Federal Savings and Loan Insurance Corp. Other thrifts have refused to write off that investment, arguing that Congress is solving the issue in its legislation to recapitalize the FSLIC. ■

Latin American loans resulted in a loss of $46.7 million in the second quarter.

That compared with profits of $8.2 million a year earlier. Excluding the special provision, Seafirst said earnings would have increased 28% to $10.5 million. In the first half, Seafirst lost $36.6 million, against profits of $13 million a year earlier.

With assets of $10.1 billion, Seafirst accounted for $41.1 million of BankAmerica's loss in the first half. Seafirst said nonperforming assets rose to $574.7 million, including $157.6 million in Brazilian loans. That compares with $520.3 million a year earlier. ■



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